

TOWN OF FENWICK ISLAND
AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS
FOR THE YEAR ENDED JUNE 30, 2009



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Town of Fenwick Island
800 Coastal Highway
Fenwick Island, Delaware

We have performed the procedures enumerated below, which were agreed to by the Town of Fenwick Island, State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the Town's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2009. The Town of Fenwick Island's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the Town of Fenwick Island's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2009 and detail any instances of noncompliance.

The Town of Fenwick Island received municipal grant funds under the following programs for the year ended June 30, 2009:

Municipal Street Aid
Police Pension
State Aid to Local Law Enforcement
Emergency Illegal Drug Enforcement

FINDING NO. 09-1 - Report Filed Incorrectly

Criteria

Per Title 30, Delaware Code, Section 5165(b)(2), each municipality shall, "In a form prescribed by the State Treasurer, submit an accurate and complete annual report not later than October 1 of each year to the State Treasurer showing expenditures of municipal street aid funds for the preceding fiscal year ended June 30. Such form shall itemize each expenditure as represented on said form as "Other expenditures.""

Condition

The Town of Fenwick Island submitted an annual report that was not accurately prepared or reviewed. Interest earned was understated \$3.00, Other Expenditures were understated \$3.00, and the ending balance was overstated \$3.00.

Cause

The Town of Fenwick Island made clerical errors when preparing the annual report. The interest earnings were understated and other expenditures understated by \$3.00 due to netting bank charges against interest income. The ending balance was overstated \$3.00 due to an error in subtracting total expenditures from total available funds.

Effect

The Town of Fenwick Island's failure to prepare accurate financial reports could result in the loss of grant funding.

Recommendation

The Town of Fenwick Island should more carefully prepare and review the amounts on the annual report to ensure an accurate presentation.

Auditee Response

The Town of Fenwick Island shall more carefully prepare and review the amounts indicated on the annual Municipal Street Aid grant report to ensure an accurate presentation.

2. Address the status of any findings and recommendations disclosed in previous reports.

FINDING NO. 06-1 During completion of the Town of Fenwick Island's program checklist for the Municipal Street Aid (MSA) grant, it was noted that the Town did not submit an insurance policy for all individuals authorized to expend funds [30 Del. C. §5165(b)(1)]. Failure to comply with all State rules and regulations could result in the loss of grant funding.

CURRENT YEAR STATUS Insurance policies were provided.

FINDING NO. 06-2 During completion of the Town of Fenwick Island's program checklist for the Police Pension grant, it was noted that the Town did not submit to the State Board of Pension Trustees by April 1 a listing of retired police officers receiving benefits from the Town as of December 31 of the preceding year, excluding those receiving benefits from the State of Delaware County and Municipal Police Pension Plan, as required by the Delaware Code [18 Del. C. §709(b)]. The State Board of Pension Trustees has not requested this information from the Town or provided a format for the Town to submit this information to them. Failure to comply could result in the loss of grant funding.

CURRENT YEAR STATUS Since the Town of Fenwick Island does not participate in the proceeds of the insurance tax as outlined in [18 Del. C. §708(c)(2)], they were not required to file the listing for the current year.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Fenwick Island's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

James Vincetto Villano

Wilmington, Delaware
December 4, 2009